

NANCY A. MITCHELL (*pro hac vice*)
JOSEPH P. DAVIS III (*pro hac vice*)
MARIA J. DICONZA (*pro hac vice*)
GREENBERG TRAURIG, LLP
The MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: 212-801-9200
Facsimile: 212-801-6400
Email: mitchelln@gtlaw.com
 davisjo@gtlaw.com
 diconzam@gtlaw.com

GREGORY E. GARMAN, NV Bar # 6654
THOMAS H. FELL, NV Bar # 3717
TERESA M. PILATOWICZ, NV Bar # 9605
GORDON SILVER
3960 Howard Hughes Parkway, 9th flr.
Las Vegas, Nevada 89169
Telephone: 702-796-5555
Facsimile: 702-369-2666
Email: ggarman@gordonsilver.com
tfell@gordonsilver.com
tpilatowicz@gordonsilver.com

*Proposed Counsel for the Debtors
and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

Case No.: BK-S-14-14-12524-ABL
Chapter 11

TELEXFREE, LLC,

Affects this Debtor

Affects all Debtors

Affects TELEXFREE, INC.

Affects TELEFREE FINANCIAL, INC

Jointly Administered with:

14-12525 TelexFree, Inc.

14-12526 TelexFree Financial, Inc

Date: May 28, 2014

Time: 11:00 a.m.

**STATEMENT UNDER FEDERAL RULE OF BANKRUPTCY PROCEDURE 2016 AND
SECTION 329 OF THE BANKRUPTCY CODE**

Joseph P. Davis III, a shareholder of Greenberg Traurig, LLP, hereby states:

1. Greenberg Traurig, LLP (“**Greenberg Traurig**”), pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and section 329 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the “**Bankruptcy Code**”), is proposed counsel for the above-captioned debtors and debtors-in-possession (the “**Debtors**”).

1 2. The Debtors have agreed to pay Greenberg Traurig for the legal services rendered
2 or to be rendered by its various attorneys and paralegals in connection with these Chapter 11
3 Cases on the Debtors' behalf. The services to be rendered include all of those services set forth
4 in the application filed by the Debtors contemporaneously herewith requesting the retention and
5 employment of Greenberg Traurig as counsel for the Debtors in these Chapter 11 Cases (the
6 "**Application**").¹

7 3. The Debtors have also agreed to reimburse Greenberg Traurig for its actual and
8 necessary expenses incurred in connection with these Chapter 11 Cases.

9 4. Greenberg Traurig was retained by the Debtors in February 2014, pursuant to an
10 engagement letter dated February 13, 2014, a copy of which is attached to the Davis Declaration
11 as **Attachment 1** (the "**Initial Engagement Letter**"), to advise the Debtors in connection with
12 the investigation initiated by the Massachusetts Securities Division and in responding to
13 information requests from the Massachusetts Securities Division (the "**Investigation**"). In
14 connection with its representation of the Debtors in connection with the Investigation, Greenberg
15 Traurig assisted the Debtors in responding to subpoenas and appeared on behalf of the Debtors at
16 the on-the-record interviews of its then officers and directors, James Merrill and Carlos
17 Wanzeler.

18 5. On or about April 7, 2014, the Debtors sought advice from Greenberg Traurig in
19 connection with a potential chapter 11 filing. As a result, the Debtors and Greenberg Traurig
20 amended the Initial Engagement Letter and entered into the engagement letter attached to the
21 Davis Declaration as **Attachment 2** (the "**Amended Engagement Letter**," and together with the
22 Initial Engagement Letter, the "**Engagement Letters**").

23
24
25
26
27

¹ Capitalized terms used herein but otherwise undefined shall have the meaning ascribed to such terms in the
28 Application.
29

1 6. Prior to the Petition Date, Greenberg Traurig collected from the Debtors the
2 following payments:

3 Payment Date	4 Amount
5 02/18/2014	6 \$50,000.00
7 03/24/2014	8 \$74,823.00
9 03/25/2014	10 \$500,000.00
11 04/2/2014	12 \$159,507.63
13 04/10/2014	14 \$3,500,000.00

15 7. Of the amount received prepetition, Greenberg Traurig applied \$557,725.00 to
16 services rendered and expenses incurred prior to the Petition Date, leaving a balance of
17 \$3,726,604.89² (the “**Advance Payment Balance**”) remaining as of the Petition Date. As of the
18 filing of the Application, there may still be some prepetition fees and costs to be applied to this
19 Advance Payment Balance.

20 8. Greenberg Traurig will seek approval of payment of compensation upon
21 Greenberg Traurig’s filing of appropriate applications for allowance of interim or final
22 compensation pursuant to sections 330 and 331 of the Bankruptcy Code.

23 17 [Remainder of Page Left Blank Intentionally]

24
25
26
27 28

² This figure reflects the Advance Payment Balance after accounting for the amount charged in connection with the fees and expenses incurred by Greenberg Traurig through the Petition Date.

1 9. Greenberg Traurig further has not shared, nor agreed to share (a) any
2 compensation it has received or may receive with another party or person, other than with the
3 partners, counsel, and associates of Greenberg Traurig, or (b) any compensation another person
4 or party has received or may receive.

5 | Dated: April 24, 2014

Joseph R. Davis III